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SOAH DOCKET NO. 473-21-0538

PUC DOCKET NO. 51415

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APPLICATION OF SOUTHWESTERN § BEFORE THE STATE OFFICE  
ELECTRIC POWER COMPANY FOR § OF  
AUTHORITY TO CHANGE RATES § ADMINISTRATIVE HEARINGS

**CITIES ADVOCATING REASONABLE DEREGULATION'S RESPONSES TO  
SOUTHWESTERN ELECTRIC POWER COMPANY'S FIRST SET OF REQUESTS  
FOR INFORMATION TO CITIES ADVOCATING REASONABLE DEREGULATION**

Cities Advocating Reasonable Deregulation ("CARD") hereby file their responses to Southwestern Electric Power Company ("SWEPCO" or "Company") First Set of Requests for Information ("RFIs") to CARD.

**I. Written Responses.**

CARD's written responses to SWEPCO's First Set of RFIs are attached and incorporated by reference. Each response is stated on or attached to a separate page on which the request has been restated. CARD's responses are made in the spirit of cooperation without waiving CARD's right to contest the admissibility of any of these matters at hearing. Pursuant to 16 Tex. Admin. Code § 22.144(c)(2)(A), each response lists the preparer or person under whose direct supervision the response was prepared and any sponsoring witness. When CARD provides certain information sought by the request while objecting to the provision of information, they do so without prejudice to their objection in the interests of narrowing discovery disputes pursuant to 16 Tex. Admin. Code § 22.144(d)(5). Pursuant to 16 Tex. Admin. Code § 22.144(c)(2)(F), CARD stipulates that their responses may be treated by all parties as if they were made under oath.

**II. Inspections.**

If responsive documents are more than 100 pages but less than eight linear feet in length, the response will indicate that the attachment is VOLUMINOUS and, pursuant to 16 Tex. Admin. Code § 22.144(h)(2), the attachment will be made available for inspection at the offices of Herrera Law & Associates, PLLC, 4524 Burnet Road, Austin, Texas, 78756. If a response or the responsive documents are provided pursuant to the protective order in this docket, the response will indicate that it or the attachment is either CONFIDENTIAL or HIGHLY SENSITIVE as appropriate under the protective order. Highly sensitive responses will be made available for inspection at the offices of Herrera Law & Associates, PLLC, 4524 Burnet Road, Austin, Texas,

78756, unless they form a part of a response that exceeds eight linear feet in length; then they will be available at their usual repository in accordance with the following paragraph. Please call in advance for an appointment to ensure that there is sufficient space to accommodate your inspection.

If responsive documents exceed eight linear feet in length, the response will indicate that the attachment is subject to the FREIGHT CAR DOCTRINE, and, pursuant to 16 Tex. Admin. Code § 22.144(h)(3), the attachment will be available for inspection at the offices of Herrera Law & Associates, PLLC, 4524 Burnet Road, Austin, Texas, 78756, unless otherwise indicated. CARD requests that parties wishing to inspect this material provide at least 48 hours' notice of their intent by contacting the offices of Herrera Law & Associates, PLLC, 4524 Burnet Road, Austin, Texas, 78756; telephone number (512) 474-1492; fax number (512) 474-2507. Inspections will be scheduled to accommodate all requests with as little inconvenience to the requesting party and CARD's operations as possible.

Respectfully submitted,

**HERRERA LAW & ASSOCIATES, PLLC**

P.O. Box 302799 - 78703

4524 Burnet Road

Austin, Texas 78756

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By: /s/ Alfred R. Herrera

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**ATTORNEYS FOR CITIES ADVOCATING  
REASONABLE DEREGULATION**

### CERTIFICATE OF SERVICE

I certify that I have served a copy of *CARD's Responses to SWEPCO's First Set of Requests for Information to CARD* upon all known parties of record by electronic mail in accordance with the Order Suspending Rules, issued in Project No. 50664 on this the 9<sup>th</sup> day of April 2021.

/s/ Leslie Lindsey

Leslie Lindsey

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**SWEPCO 1-1** Please reference Mr. Nalepa's Figure\_1 WP spreadsheet. Cell E9 contains a 1.06465327 amount in the formula.

- a. What does this number represent?
- b. Please provide support for this number.

**RESPONSE:**

- a. The value 1.06465327 in cell E9 is taken from CARD witness Mark Garrett's Exhibit MG-2.1. It is the FICA tax rate gross-up for Mr. Garrett's adjustment to SWEPCO payroll expense. Note that the FICA gross-up is also reflected in cell E11 attributable to Mr. Garrett's adjustment for SWEPCO STI expense.
- b. See response to SWEPCO RFI 1-1a.

**Prepared By: Karl Nalepa**

**Sponsored By: Karl Nalepa**

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**SWEPCO 1-2** Please reference Mr. Nalepa's Figure 1 and the supporting spreadsheet. The sum Revenue Requirement (Texas jurisdictional) adjustments are a reduction of \$48,878,438.

- a. Why is Mr. Nalepa subtracting \$70,255,335 from SWEPCO's request when the Texas adjustments recommended by CARD only add up to \$48,878,438?
- b. When the \$48,878,438 is subtracted from SWEPCO's requested base rate deficiency of \$105,026,238, it results in a base rate deficiency of \$56,147,800. Is this CARD's actual recommendation revenue deficiency instead of the \$34,800,903 identified in Mr. Nalepa's testimony?

**RESPONSE:**

- a. Figure 1 in Mr. Nalepa's Direct Testimony reflects the sum of CARD witnesses' adjustments, on a stand-alone, total Company basis, of \$117,891,539. On a Texas retail basis, this is \$48,878,438. On tab *A, page 2 (Rev Deficiency)* in CARD's cost of service model (adapted from SWEPCO's model), the combined impact of CARD witnesses' adjustments, on a total Company basis, is \$117,182,239 (see line no. 6, col. K). This represents adjustments to the Operating Income Deficiency before tax gross-up and is slightly smaller than the total stand-alone amount of adjustments due do the interactive nature of the adjustments. The total Operating Income Deficiency before tax gross-up is \$58,070,889 (see line no. 6, col. E).

CARD's Revenue Deficiency after tax gross-up is \$75,687,876 (see line no. 13, col. E). This corresponds to SWEPCO's total Company after tax gross-up Revenue Deficiency of \$228,419,735 (see line no. 13, col. J).

From SWEPCO Schedule P-1.1 thru P-1.4, page 4, the total Company Revenue Deficiency of \$228,419,735 corresponds to a Texas retail Revenue Deficiency of \$105,026,238 (see line no. 16). Dividing the Texas retail amount by the total Company amount results in an effective Texas jurisdictional allocator of 45.98%.

Multiplying CARD's Revenue Deficiency after tax gross-up of \$75,687,876 by the

effective Texas jurisdictional allocator of 45.98% results in CARD's Texas retail Revenue Deficiency after tax gross-up of \$34,800,903.

The difference between SWEPCO's Texas retail Revenue Deficiency of \$105,026,238 and CARD's Texas retail Revenue Deficiency of \$34,800,903 is \$70,255,335.

- b. No. See response to SWEPCO RFI 1-2a.

**Prepared by: Karl Nalepa**

**Sponsored by: Karl Nalepa**